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Spain

Fishery Products

Annual

2002

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Report Highlights:
Spain's total catch continues to decline as a result depleted stocks and lower lomits on catches in both EU and non-EU waters. To compensate, seafood imports reached new records in 2001 and are now about 350,000 tons higher than the catch. U.S. seafood exports also reached a record of $71 million in 2001. For CY 2002, imports from the U.S. are expected to drop due to the strong competition, particularly from Canadian lobsters.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1], SP

Executive Summary

The proposal of the EU Commission to reform the Common Fishery Policy has brewed up a storm in Spain. The proposal could mean that the Spanish fleet may be blocked from fishing the "Shetland Box," a cold water area north of Great Britain. The "Box," which was supposed to open on January 1, 2003, has been a major goal for Spanish fishermen since Spain joined the EU 16 years ago. Even worse -- from the Spanish point of view -- the proposal would change the allocation of subsidies established in the Berlin Council. The Council's allocations, which were supposed to be in force until 2006, subsidized the modernization or construction of new vessels. The proposed reforms would allocate subsidies to break up vessels, which could lead to the destruction of about 30 percent of the Spain's remaining fishing vessels. Spain has lost half of its fishing fleet since it joined the EU.

So far in 2002, Spain's total catch continues to decline as a result of lower fish stocks and limits on catches in both EU and non-EU waters. During the first six months of the year, the catch of fresh fish has fallen by about 8 percent compared to the same period of 2001. Spain's 2002 quota in EU waters was cut 17 percent from last year's (from 314,097 tons to 261,119 tons); a further cut is likely next year as well. To offset the smaller catch, total imports of seafood rose by about 127,000 tons in 2001, which permitted consumption to remain stable. Greater output from fish farms also helped meet demand. Seafood consumption is expected to decline for the next few years due to higher prices and to lower catch. In 2001, total exports of seafood (fresh and frozen) rose by about 76,000 tons. Spain will continue to be an active seafood trader in the foreseeable future, with most of its trade conducted with other EU countries, as well as to Argentina, Morocco and Namibia .

In 2001, U.S. seafood exports to Spain reached a record $71 million, a remarkable performance considering the strength of the dollar throughout the year. In volume terms, U.S. exports totaled 28,429 tons, which included 4, 492 tons of squid, 2,961 tons of surimi, 2,540 tons of fresh fish (mainly hake), 9,738 tons of frozen fish (including 2,074 tons were of Pacific salmon) and 1,693 tons of lobster.

In terms of value, lobster is the most important U.S. seafood product exported to Spain. This trade has been slipping in 2002 due to tough competition from Canada. During the first four months of 2002, Spain's lobster imports from Canada rose by 81 percent while those from the U.S. declined by 41 percent. At least part of switch seems to be logistical: a new flight of Air Canada between Madrid and Montreal has given Canadian high value seafood products much greater direct access to the Spanish market.

Current exchange rate: 1.006 Euro = $1.00

STRATEGIC INDICATOR TABLE

FISHERY PRODUCTS STRATEGIC INDICATOR TABLE					
		Previous	Current	Next	5 Year
		Year	Year	Year	Projections/
U.S. Competitive Position	Measurement *	Situation	Situation	Expectations	Expectations
U.S. Access Relative to Rest of World- Non-Tariff Measures (NTM)	Worse, equal, or better (choose one)	Equal	Equal	Equal	Equal
U.S. Access Relative to Rest of World - Tariffs	Higher, equal, or lower (choose one)	Equal	Equal	Equal	Equal
Presence of Marketing Programs (domestic and 3rd country) versus U.S. programs	More aggressive, about the same, or less aggressive (select one)	More Aggressive	More Aggressive	More Aggressive	More Aggressive
U.S. Prices Relative to Domestic and 3rd Country Prices	Higher, equal, or lower (choose one)	Equal	Equal	Equal	Equal
U.S. Market Share (3 Year. Average)	Percent	2.2	2.1	2.1	2.1
			Current	Next	5 Year
		Year	Year	Year	Projections/
Market Attractiveness	Measurement *	Situation	Situation	Expectations	Expectations
Per Capita Consumption of All Fishery Products	Kg per person	44	41	40	35
Per Capita Consumption of animal proteins (excluding fishery products)	Kg per person	113	114	114	114
Including poultry, pork, beef, lamb and rabbit meat. Dairy products and eggs are excluded					
Percent of population with refrigerators	Percent	97	98	98	98
Percent of fishery product sales at supermarkets	Percent	45	43	47	50
Percent of total food sales at supermarkets	Percent	37	39	40	45
Percent of animal protein sales at supermarkets (excluding fishery products)	Percent	44	45	47	50
Percent of fishery sales at HRI establishments	Percent	22	23	24	25
Percent of fishery sales at open markets	Percent	32	31	30	25
* If an explanation of rating is needed, insert a row and provide an explanation in the row below.					

GENERAL SEAFOOD AND PRODUCTS

Production

The total quantity of edible fish caught by Spanish vessels and landed in Spanish ports was estimated to be about 932,000 tons in CY 2001, about 40,000 tons less than the total for the previous year. For 2002, a further drop is occurring due to an additional reduction in catches in European Union (EU) waters. Moroccan waters are expected to remain closed to the Spanish fleet for the next few years. Encouraged by good domestic prices, production on farms rose again in 2001 and is expected to continue to rise in the next few years. Canned fish production in 2001 totaled 260,280 tons, up 6 percent from 2000. In addition, smoked fish production continued growing, by five percent to about 14,800 tons.

The main fresh species landed in Spain are blue fish, hake and whiting, cod, tuna, and cephalopods. Mussels are the most popular seafood item in Spain, primarily due their low prices. Tuna accounts for about half of all fish used by the Spanish canning industry, followed by sardines, squid, mussels and mackerel.

Spanish aquaculture production for 1997-2000 was as follows (tons) :

	1997	**1998**	**1999**	**2000**	**2001 Est.**
- Trout	21,650	26,500	29,000	33,133	34,000
- Gilthead bream	5,092	6,330	7,500	8,242	8,500
- Turbot	2,895	1,850	2,750	3,378	3,900
- Salmon	730	800	850	225	225
- Sea bass	956	1,408	1,658	1,837	1,900
Tuna				3,682	6,000
- Others	325	358	360	837	900
Shellfish					
- Mussels	188,000	190,000	204,000	247,729	250,000
- Oysters	3,950	3,600	8,500	4,004	4,200
- Clams	4,573	4,300	6000	5,558	6,000
- Others	3,856	4,500	5200	9,000	9,500

Source: Ministry of Agriculture.

Spanish canned seafood production in 2001 was as follows:

Product	Volume (tons)	Average Price (euros/kilo)
Tuna	145,458	2.43
Bonito	12,025	7.02
Sardines	25,413	2.82
Mackerel	11,740	4.15
Anchovies	9,616	7.16
Mussels	11,866	6.32
Cephalopods	11,908	1.53
Cockles	5,763	3.37
Other	26,491	3.30
- TOTAL	**260,280**	**3.00**

Source: ANFACO (Canned Fish Producers Association)

Consumption

Spain is still the leading *per capita* consumer of seafood products in the EU and second in the world after Japan. Fish consumption during 2001 was about 44 kilos/per capita with a total consumption of 1.79 million tons. Smaller catches were offset by larger imports. While consumer preferences are largely determined by price, fresh fish are generally preferred over frozen products. Fresh products account for 53 percent of total seafood consumption; followed by frozen fish, at 34 percent, and canned and cured seafood products, at 13 percent. According to the Spanish Ministry of Agriculture, seafood consumption rose by 9 percent in 2001 due to consumer concerns over BSE (mad cow disease); prices for seafood rose by about 2 percent. As the BSE scare faded in 2002, beef consumption is rebounding, resulting in a lower consumption of seafood. Consumption is likely to continue to contract in future as declining catches push up prices, particularly for fresh product.

According to Mercamadrid, the largest seafood market in Spain, the main products consumed are:

Fresh fish	Frozen fish	Shellfish
Hake	Squid	Mussels
Anchovies	Hake	Littleneck clams
Whiting	Prawns	Other clams
Sardines	Shrimp	Shrimp
Sole	Swordfish	Crab
Salmon	Octopus	Cockles
Cod	Whiting	Oysters
Trout	Cuttlefish	

Trade

In CY 2001, imports rose to 1,381,758 tons, up ten percent from the previous year. About a quarter came from other EU countries, with Argentina, Morocco, Namibia, the Falkland Islands and the United States as the other major suppliers. The main fresh fish imported continue to be sardines, hake, salmon, flounder and anchovies. The primary frozen species are hake, tuna and sole. As the trend toward lower catches is expected to continue, imports should continue growing over the next few years. The table below shows imports by product category.

1997-2001 Spanish Seafood Imports (tons)

BTN	Product	1997	1998	1999	2000	2001
03.02	Fish, fresh/chil.	198,540	208,221	201,972	232,012	227,869
03.03	Fish, frozen	303,140	361,151	321,825	331,896	402,134
03.04	Fish fillets	88,192	113,673	81,679	98,658	130,683
03.05	Fish, dried, salted	50,090	50,026	44,684	54,574	42,073
03.06	Crustaceans	106,215	130,114	117,562	143,708	155,358
03.07	Molluscs	260,937	282,534	277,050	318006	357,352
16.04	Canned fish	44,804	45,220	84,289	60,224	50,706
16.05	Crustacean/Moll	12,245	13,982	14,456	13,093	13,582
	TOTAL	**1,064,163**	**1,204,921**	**1,145,516**	**1,254,171**	**1,381,758**

Source: Spanish Customs Office

In the last four years, exports of seafood rose by about 66 percent. In 2001, exports of fish and fisheries products increased both inside and outside the EU. While most shipments are destined for the EU, Asian countries are also important markets.

1997-2001 Spanish Seafood Exports (tons)

BTN	Product	1998	1999	2000	2001
03.02	Fish, fresh or	67,837	70,797	76,367	77,911
03.03	Fish, frozen	318,545	337,679	380,764	448,219
03.04	Fish fillets	25,322	31,008	37,279	34,655
03.05	Fish, dried,	9,762	11,942	10,496	10,009
03.06	Crustaceans	12,571	30,978	18,300	20,563
03.07	Molluscs	133,19800	136,746	141,106	155,681
16.04	Canned fish	75,550	97,658	97,096	109,477
16.05	Cured fish	17,970	17,990	22,625	24,416
	Total Seafood	**662,753**	**736,797**	**786,033**	**882,932**

Source: Spanish Customs Office

Factors Affecting U.S. Trade

In CY 2001, lower catches in both EU and international waters and continued firm demand resulted in a new record of U.S. seafood exported to Spain, some 28,429 tons worth 79 million Euros. Of this amount, frozen fish accounted for 9,738 tons (up 73 percent); surimi reached 2,961 tons (up 50 percent); squid, 4,492 tons; fresh fish (mainly hake), 2,540 tons; Pacific salmon, 2,074 tons; and lobster, 1,693 tons. Shipments of U.S. surimi and frozen seafood to Spain set new records in 2001 and are expected to remain buoyant in the next few years. The prospects for fresh fish and lobsters are less promising. A recently established flight of Air Canada between Madrid and Montreal has opened a pipeline for Canadian live lobster and fresh fish which are displacing U.S. products in the Madrid market. All live lobster and fresh fish from both the U.S. and Canada are transported by air.

Marketing

Lobster, salmon, fresh whiting, frozen squid, surimi and frozen fish have a large potential for U.S. exporters. Demand in the canning industry for frozen tuna is stronger due to lower catches of tuna by the Spanish fleet. On the other hand, demand for anchovies, sardines and mackerel continues to be strong and may increase further given the steady development of the canning industry and its exports. Potential also exists in the value-added or prepared fish sector as changing work patterns and lifestyles have increased the demand for ready-to-eat products. Demand for lobster is strong in Spain due to its increased use in the popular rice dish, paella, and for special occasion banquets. The use of surimi in salads is more and popular. Finally, fresh fish (mainly whiting and hake) imported by air for direct consumption is also enjoying solid demand.

Both Spain and the other EU countries have a large presence at trade fairs and are engaged in promotional campaigns. In addition, Norway continues its campaigns to promote its fresh salmon in most seafood outlets.

The declining catch of the Spanish fleet is putting strong upward pressure on prices. At Mercamadrid, the largest market in central Spain, prices for fresh fish rose by about 11.2 percent between June 2001 and June 2002, while those shellfish rose by 28 percent. Only prices for frozen fish remained stable. The following seafood prices were obtained in a local fish shop, in euros/kg.:

Species	Sept.2002	Sept. 2001	Sept. 2000
Hake, fresh	22	16.2	15
Hake, frozen	7	5.8	5
Cod, fresh fillets	8.2	8	7
Salmon, fresh	5.5	4	4
Sole, frozen	5	n/a	n/a
Sole, fresh	11.5	10	9
Whiting, fresh	14	12	12
Sardines	2.4	2.1	2

SQUID/CUTTLEFISH

PSD Table						
Country	Spain					
Commodity	Squid/Cuttlefish				(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	6000	6000	6000	6000	6000	6000
Total Production	18000	21000	22000	23000	0	20000
Intra-EC Imports	15500	11443	15500	11500	0	10000
Other Imports	126500	139771	127000	135000	0	140000
TOTAL Imports	142000	151214	142500	146500	0	150000
TOTAL SUPPLY	166000	178214	170500	175500	6000	176000
Intra-EC Exports	48000	52699	50500	52000	0	52000
Other Exports	9000	20820	9000	19000	0	19000
TOTAL Exports	57000	73519	59500	71000	0	71000
Domestic Consumption	103000	98695	105000	98500	0	99000
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	103000	98695	105000	98500	0	99000
Ending Stocks	6000	6000	6000	6000	0	6000
TOTAL DISTRIBUTION	166000	178214	170500	175500	0	176000

Production

According to trade sources, the Spanish squid catch rose to about 21,000 tons in 2001 due to higher catch in Mauritanian and in international waters. To meet higher demand mainly from other EU countries, Spain increased imports in 2001 and should continue to do so in the next few years. For 2002, higher catches in Mauritanian waters are expected due to a new fishing agreement between the EU and Mauritania.

Consumption

In 2001, Spanish squid consumption remained stable. Most is consumed directly, but about 12,000 tons were used by the canning industry. Consumption is expected to be stable in the next few years, as larger consumption in the canning industry should be offset by lower direct human consumption

Trade

Most squid and cuttlefish are imported frozen. In 2000, imports from the United States and Morocco rose dramatically following the exclusion of the Spanish fleet from Moroccan waters. For 2001, cheaper imports from the Falkland Islands and Asia partially replaced product from the U.S. and Morocco. For the 2002, larger expected imports from Morocco, New Zealand, India, Angola and the Falkland Islands could result in a new drop of imports from the U.S. In 2001, Spanish exports rose by about 30 percent due to higher shipments to other EU countries and Cuba.

Spanish Imports of Squid/Cuttlefish (tons)

Import Trade Matrix			
Country	Spain		
Commodity	Squid/Cuttlefish		
Time period	CY	Units:	Metric Tons
Imports for:	2000		2001
U.S.	9903	U.S.	4492
Others		Others	
Falkland Island	38599		42489
Morocco	27811		23044
India	16526		22888
China	6716		12940
Mauritania	4607		5522
EU Countries	15574		11286
Total for Others	109833		118169
Others not Listed	19491		28553
Grand Total	139227		151214

Spanish Exports of Squid/Cuttlefish (tons)

Export Trade Matrix			
Country	Spain		
Commodity	Squid/Cuttlefish		
Time period	CY	Units:	Metric Tons
Exports for:	2000		2001
U.S.	116	U.S.	
Others		Others	
Italy	28576		32040
Cuba	14		7856
Portugal	10275		7186
France	6081		6862
Total for Others	44946		53944
Others not Listed	13063		19575
Grand Total	58125		73519

Marketing

Spain offers good opportunities for U.S. squid exports, as demand remains firm, while the local catch is expected to decline due to new quotas in EU waters. Most imports are handled by frozen food processors, who also organize their own distribution. The United States' main competition comes from well- established squid suppliers including other EU countries, the Falkland Islands, Morocco, China, India and Mauritania.

The following prices (in euros/kg) for squid and squid products were obtained from a local market and are generally representative of prices in major Spanish urban areas:

Date	**Sep. 2002**	**Sept 2001**	**Sept. 2000**
Squid, whole, fresh	15.2	12.9	13.7
Squid, whole, frozen	5.1	4.5	4.7
Squid, rings, frozen	5	3.8	3.6

LOBSTER

PSD Table						
Country	Spain					
Commodity	Lobster				(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	100	100	100	100	100	100
Total Production	1500	1500	1500	1500	0	1500
Intra-EC Imports	600	500	620	500	0	500
Other Imports	5600	5823	5600	6000	0	6200
TOTAL Imports	6200	6323	6220	6500	0	6700
TOTAL SUPPLY	7800	7923	7820	8100	100	8300
Intra-EC Exports	2500	1851	2500	1900	0	1950
Other Exports	1	5	1	5	0	5
TOTAL Exports	2501	1856	2501	1905	0	1955
Domestic Consumption	5199	5967	5219	6095	0	6245
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	5199	5967	5219	6095	0	6245
Ending Stocks	100	100	100	100	0	100
TOTAL DISTRIBUTION	7800	7923	7820	8100	0	8300

Production

According to trade sources, supplies of lobster (*Homarus*) and spiny lobster (*Panulirus*) landed in Spanish ports by Spanish vessels or taken from lobster farms remained stable at about 1,500 tons. (No official statistics are available.) The majority of this amount is derived from wild catch, with less than 40 tons per year produced by lobster farms. Most are caught in northern Spain, mainly in Galicia, but they are very scarce, and no increases in production are expected in the near future. The majority of the Spanish catch is of the *Homarus* genus.

Consumption

Lobster consumption rose in CY 2001 despite the high prices. About 50 percent of total lobster consumption consists of frozen imported lobster. Demand for live lobster (*Homarus*) is growing due to increased use of the product for special occasions, such as wedding banquets, and due to continued use as an ingredient in high quality paellas. U.S. and Canadian lobster compete directly in the Spanish market.

Trade

In 2001, imports of live lobsters from Canada more than tripled while those from the U.S.(mainly live lobsters) declined by about 16 percent. This trend is continuing in 2002: during the first four months of the year, imports of lobsters from Canada rose by another 81 percent while those from the U.S. declined by 41 percent. Most of this shift is due to a new Air Canada flight between Montreal and Madrid which permits Canadian product to be shipped directly. Prior to the establishment of this service, substantial amounts of Canadian lobster were being transhipped thru Boston airport and recorded as U.S. exports. Due to the popularity of lobsters (*Homarus*), total imports could rise even further in CY 2002.

Spanish Imports of Lobster (tons)

Import Trade Matrix			
Country	Spain		
Commodity	Lobster		
Time period	CY	Units:	Metric Tons
Imports for:	2000		2001
U.S.	1963	U.S.	1693
Others		Others	
Cuba	2686		2280
Canada	258		838
United Kingdom	422		465
Total for Others	3366		3583
Others not Listed	813		1047
Grand Total	6142		6323

Spanish Exports of Lobster (tons)

Export Trade Matrix			
Country	Spain		
Commodity	Lobster		
Time period	CY	Units:	Metric Tons
Exports for:	2000		2001
U.S.		U.S.	
Others		Others	
France	758		968
Italy	621		481
Portugal	689		294
Total for Others	2068		1743
Others not Listed	1015		113
Grand Total	3083		1856

Source: Spanish Customs Office

Marketing

Spain continues to offer good possibilities for exports of live U.S. lobsters, especially for affluent, urban consumers. Lobster is increasingly popular among consumers due to use in paella and as a luxury food during special events, such as wedding banquets. For instance, U.S. lobster was on the menu at the recent wedding banquet of Spanish President's daughter. The ability to supply a large number of lobsters with the same size and quality is a key factor to explain the use in banquets.

During the summer months, Canadian lobster sells at a premium to U.S. product. Importers say this is because Canadian regulations restrict marketing of lobster which has just shed its shell and is still "soft."

The following are representative prices (euros /kg) of fresh and frozen lobster in Madrid supermarkets:

Date	**Sept. 2002**	**Sept. 2001**	**Sep, 2000**
Spiny Lobster, live	89	75	66
Lobster, live	30	23	22
Lobster, live(domestic)live	37	43	36
Spiny Lobster, frozen	38.5	24	22